

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

REVIEW REPORT
OF
INDIANA UTILITY REGULATORY COMMISSION

STATE OF INDIANA

April 1, 2003 to May 31, 2006



FILED
10/18/2006

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AGENCY OFFICIALS

Office

Official

Term

Commission Chairman

William D. McCarty
David L. Hardy

01-08-01 to 09-14-05
09-15-05 to 04-01-10



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA UTILITY REGULATORY COMMISSION

We have reviewed the receipts, disbursements, and assets of the Indiana Utility Regulatory Commission for the period of April 1, 2003 to May 31, 2006. The Indiana Utility Regulatory Commission's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Indiana Utility Regulatory Commission are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

August 28, 2006

INDIANA UTILITY REGULATORY COMMISSION
REVIEW COMMENTS
MAY 31, 2006

ATTENDANCE REPORTS

As stated in our prior report (B20961), we observed that employee attendance reports were frequently signed and dated prior to the last day worked. In addition, supervisors preapproved attendance reports by signing in advance of employees.

Employee attendance reports should not be signed, dated or approved prior to the last day worked in a pay period. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 9)

After being completed by the employee, the attendance report should be reviewed, signed, and dated by the immediate supervisor of the employee, or by another designated individual who has knowledge of the employee's attendance. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 9)

FIXED ASSET INVENTORY

As stated in our prior report (B20961), the Indiana Utility Regulatory Commission's inventory of fixed assets is incomplete.

Assets costing more than \$500 must be maintained on an asset control system at the agency and should include certain details, including acquisition date, acquisition cost and fund number purchased from. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

SDO FUND RECONCILIATIONS

The Indiana Utility Regulatory Commission has not performed reconciliations of its Special Disbursing Officer (SDO) advances and bank accounts in a timely manner.

Two reconciliations must be performed for the SDO fund each month. The bank statement for the checking account must be reconciled to the check register. Also, the check register must be balanced to the total SDO advance. These reconciliations must be formally documented. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

CONTRACT APPROVALS

The Indiana Utility Regulatory Commission executed contracts to vendors for professional services. These contracts were in effect prior to approval by the proper officials. Internal controls are weakened when a contract is put into effect before proper approval.

Indiana Code 4-13-2-14.1 and 14.2 require that a contract to which a state agency is a party must be properly approved and in writing.

INDIANA UTILITY REGULATORY COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2006, with Joseph M. Sutherland, Chief Operating Officer. The official concurred with our findings.